

**GRANT COUNTY, WASHINGTON**  
**January 1, 1992 Through December 31, 1992**

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**Schedule Of Findings**

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1. The Grant County Fair Should Improve Internal Controls Over Camping Receipts

Our audit disclosed that the Grant County Fair did not consistently use official prenumbered receipts for the collection of camping moneys during 1992 as verbally recommended in our 1991 audit. Although the fair obtained the receipts as a result of our recommendations, they were not used consistently and therefore, no documentation exists to ensure that all camping moneys were collected and subsequently deposited.

Inadequate internal control over receipting increases the risk that errors or irregularities may occur and not be discovered in a timely manner.

We recommend that the Grant County Fair utilize procedures to ensure accountability for camping receipts.

2. The Grant County Fair Should Comply With Revolving Fund Operating Requirements

Each July, the Grant County Fair receives a \$30,000 advance for the purpose of establishing a revolving fund. The advance is received in the form of an interest bearing warrant. That is, the holder of the warrant receives interest, at a stated rate, until the revolving fund is liquidated at the close of the fair. The fair ended on August 22, 1992, but the advance was not returned until 129 days later, on December 31, 1992.

The *Budgeting, Accounting and Reporting System* (BARS) accounting manual, Volume 1, Part 3, Chapter 12.1c requires:

At the end of the fair period, or within sixty days thereafter, the revolving fund for fair operations shall be closed and the authorized amount shall be remitted to the county treasurer and credited to the Fair Fund.

This delay resulted in the fair paying interest for an extra 69 days and was caused by the fair secretary waiting for all fair premium prize checks to clear the bank.

We recommend that the Grant County Fair Revolving Fund be operated in compliance with BARS requirements.

3. Grant County Public Works Should Improve Procedures Over Grant Projects

We identified weaknesses in procedures during our review of the Highway Planning and Construction Grant (CFDA 20.205). Although referenced in our 1992, 1991, and 1990 audits of the county, the following issues pertaining to the Highway Planning and Construction Grant remain unresolved:

- a. The cost allocation of the county's equipment is based on depreciation as well as a replacement reserve allocation. The equipment rental charge is calculated on an hourly operating cost plus the hourly share of the monthly depreciation plus replacement reserve rate. The rental rate per hour fluctuates with the total monthly usage.

Depreciation can be charged to the federal program, replacement costs cannot.

This method not only allows substantial inconsistencies in rates charged between the same equipment, it provides an opportunity for the department to recover more money by using a piece with little use during the month versus a high use piece.

The equipment rental charges do not represent a material portion of the Public Works grant charges.

- b. Payroll expenses are charged based on individual hours worked for the month. We determined a composite hourly rate based on salary, employer paid benefits and actual hours worked during the year.

We reviewed \$12,683 in grant charges for payroll. The results of comparing the charges to the calculated composite rate are:

<u>CRP Number</u>	<u>Federal Aid Number</u>	<u>Amount Charged</u>	<u>Amount Per Audit</u>	<u>Over (Under Charged)</u>	<u>Percent</u>
90.11	RS-Q137(001)	\$ 2,289.99	\$ 2,305.47	\$ (15.48)	(1%)
92.2	BRS-M137(002)	3,185.33	3,020.64	164.69	5%
92.8	BRS-Q137(002)	1,949.04	2,061.77	(112.73)	(6%)
92.11	RS-E133(002)	1,261.13	1,332.08	(70.95)	(6%)
90.12	BROS-2013(039)	500.60	220.54	280.06	56%
84.1	RST 137(005)	1,315.10	1,166.80	148.30	11%
92.23	STPF-6055(004)	<u>2,181.64</u>	<u>1,799.11</u>	<u>382.53</u>	18%
Total		<u>\$12,682.83</u>	<u>\$11,906.41</u>	<u>\$ 776.42</u>	7%

By using the calculated composite rate for each employee, we determined that salaries were overcharged 7 percent (\$776.42) in the payroll reviewed.

This method allows for substantial inconsistencies on individuals and specific grants and also provides opportunity for manipulation of the project costs by the department.

The salary and benefit charges do not represent a material portion of the Public Works grants charges.

The compliance requirement related to salaries allows the costs incurred for salaries and wages in the ratio of time spent on the federally funded work to the unit's working hours as a whole.

We recommend that claims for equipment rental and employee costs be based on consistent rates.



4. Grant County Public Works Should Improve Procedures Over Grant Reimbursements And Repay Questioned Costs

Grant County Public Works overclaimed \$9,477.20 in reimbursable construction expenses for Highway Planning and Construction Grant (CFDA 20.205) in December 1992.

This was caused by a BARS coding error that was not properly corrected and resulted in double claiming the questioned reimbursement.

We recommend that Grant County Public Works repay \$9,477.20 to the Federal Highway Administration.